

Support the Republican Study Committee's Alternative Budget Resolution Offered by Rep. Jeff Flake

Highlights Include:

Tax Relief:

- \$2.2 trillion over the ten year period '02-'11
- \$93 billion in immediate tax relief in 2001
- Any summer-bump-up in surplus estimates would be dedicated to tax relief or debt reduction

The RSC budget accommodates the tax relief provided in the Economic Growth and Recovery Act (ERGA) sponsored by Rep. Pat Toomey. ERGA goes beyond President Bush's proposal. Among other things, it provides:

- ✓ Immediate, retroactive income tax relief for ALL taxpayers
- ✓ Further reduction in income tax rates including lowering the new 12% bracket to 9%, the 15% bracket to 13.5%, the 28% and 31% brackets to 22.5% and the 36% and 39.6% brackets to 29.7%
- ✓ Phase-out of the individual Alternative Minimum Tax (ATM)
- ✓ Reduction in capital gains taxes
- ✓ Increase IRA limits to \$5,000 (Portman-Cardin)
- ✓ Marriage penalty elimination for all married couples
- ✓ Provide relief for pre-paid college savings programs
- ✓ Repeal the 1993 tax increase on Social Security Benefits
- ✓ Repeal the Spanish-American War Phone Tax
- ✓ Expand Medical Savings Accounts
- ✓ Accelerate self-employed health care deductions
- ✓ Increase the business meal deduction

Defense:

- \$350 billion in 2002 (\$25 billion more than the Committee)
- \$289.4 billion more than the Committee over the ten year period '02-'11

Total Discretionary:

- In FY '02, \$18.4 billion or 2.9% over last year – \$6.7 billion below the Committee
- \$150 billion less than the Committee over the ten year period '02-'11

Funded at the Committee Level:

- Agriculture, Veterans, and Social Security

Education:

- Prioritizes IDEA funding

Locks Away 100% of the Social Security and Medicare Surpluses

Medicare Reform:

- Requires any prescription drug benefit to be a part of an overall Medicare reform package that does not weaken the long-term solvency of the system by increasing baseline spending

Social Security Reform:

- Provides special protection for Social Security reform legislation provided that the reforms include private individual accounts

Debt Reduction:

- Dedicates the Social Security and Medicare surplus to public debt reduction, ensuring that the maximum level of debt reduction is achieved within ten years

General Reforms:

- Special provision to ensure that the impact of a proposed tax measure on the economy and federal revenues is taken into account
- Directs the Ways and Means Committee not to include a "trigger" in proposed revenue measures.
- Directs the Ways and Means Committee to avoid the phase-in of certain tax rate reductions so as to maximize potential economic growth
- Special provision to ensure that the House and Senate Appropriations Committees coordinate their 302(b) allocations

Sense of House/Congress Provisions:

- Unauthorized Programs
- Achievement of clean financial audits by departments and agencies
- Adoption of legislation prohibiting the investment of surplus funds in private securities
- Offsetting any FY '01 supplemental spending

Contact Neil Bradley at 202-226-9717 for additional information.

All Dollars in Billions

<i>Function Levels -- Discretionary Budget Authority</i>	2001	Cmte 2002	RSC 2002	RSC vs 2001	RSC vs Cmte
Defense	311.1	324.9	350.0	12.50%	7.73%
International Affairs	22.6	23.9	20.6	-8.85%	-13.81%
Science, Space, & Technology	20.9	22	19.4	-7.18%	-11.82%
Energy	3.1	2.8	1.8	-41.94%	-35.71%
Natural Resource & Environment	28.7	26.4	23.4	-18.47%	-11.36%
Agriculture	4.8	4.8	4.8	0.00%	0.00%
Commerce & Housing	1.4	-0.2	-1.2	-185.71%	-500.00%
Transportation	19.0	16.2	16.2	-14.74%	0.00%
Community & Regional Development	11.6	10.1	9.1	-21.55%	-9.90%
Education, Training, Employment, and Social Services	61.2	65.3	61.2	0.00%	-6.28%
Health	38.8	41	38.3	-1.29%	-6.59%
Medicare	3.4	3.4	3.4	0.00%	0.00%
Income Security	39.5	42.8	37.5	-5.06%	-12.38%
Social Security	3.4	3.5	3.5	2.94%	0.00%
Veterans	22.5	24.2	24.2	7.56%	0.00%
Justice	30.0	29.7	28.0	-6.67%	-5.72%
General Government	14.0	14.8	13.3	-5.00%	-10.14%
Allowances	-0.5	5	0.4	180.00%	-92.00%
TOTAL	635.5	660.6	653.9	2.90%	-1.01%

<i>Ten Year Numbers</i>	Cmte	RSC	Over / Under
Defense	3686.0	3975.4	289.4
Non-Defense	3814.3	3375.0	-439.3
TOTAL	7500.3	7350.4	-149.9

<i>Tax Relief</i>	2001	2002	2002-2011
Committee	5.8	67.7	1,644
RSC	93	102	2,209